

**RECORD OF PROCEEDINGS
MINUTES
of the
Board of Water Commissioners**

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Board Room, Third Floor

Wednesday, May 25, 2016

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 25, 2016, beginning at 9:35 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Penfield W. Tate, III, President
John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Paula Herzmark, Vice President

Board employees and others present during portions of the meeting were:

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
J.A. Anderson, Chief of Staff	M. King, Director of Planning
A.C. Bricmont, Director of Finance	R.J. Mahoney, Director of Engineering
S. Covington, Director of Public Affairs	L. Martinez, <i>Acting</i> Director of Human
C.R. Dermody, Director of Information	Resources
Technology	T.J. Roode, Director of Operations and
B.D. Good, Director of Administrative	Maintenance
Services	D. Hamm, Staff Analyst
R. Alvarez, IT Infrastructure Tech	B. Hottor, IT Infrastructure Tech
D. Arnold, Attorney	Y. Jiang, IT Database Administrator
K. Bates, Attorney	K. Long, Information Security Manager
M. Behning, IT Infrastructure Tech	J. Lorton, Manager of Accounting
A. Beth, Manager of Process Control	J. Mabry, IT Database Administrator
J. Bogner, Finance Analyst	J. Martin, Engineer
R. Brennan, IT Infrastructure Tech	B. Miller, IT Network Engineer
T. Bryant, Controller	M. Morrow, Finance Manager

Denver Water aspires to be the best water utility in the nation.

Integrity :: Vision :: Passion :: Excellence :: Respect



A. Buswell, IT Infrastructure Tech	K. Oligney, IT Manager of Enterprise Infrastructure
Z. Campbell, System Manager of Water Quality and Treatment	K. Petrik, Chief of Construction Management
A. Chotiner, Division Office Business Manager	J. Plonsky, Accountant
E. Cinchock, Office Management Assistant	S. Price, Engineer
P. Coleman, Chief Internal Auditor	D. Raitt, Construction Project Manager
R. DeCoursey, Finance Manager	J. Ross, Engineer
C. Dick, Engineer	J. Seagren, Distributor Relations Manager
S. Dominick, Water Resource Engineer	U. Sharma, Treasurer
M. Elliott, Assistant Director of Public Affairs – Government and Stakeholder Relations – Conservation	S. Snyder, Special Projects Coordinator
J. Fischer, Engineer	T. Steele, Staff Analyst
M. Garfield, Customer Care Manager	M. Thomas, IT Infrastructure Tech
J. Gonzales, IT Telecom Tech	D. Waldron, IT Project Manager
M. Gutierrez, Construction Project Manager	J. Wittler, Attorney
J. Adams, Trammel Crow	A. Woodrow, Planner
J. Becker-Stowe, Callan	A. Browning, Callan
	J. Bushong, Clifton Larson Allen
	A. Harcek, RNL
	M. Raitt
	M. Raitt
	T. Rawal, Clifton Larson Allen
	M. Sullivan, Trammel Crow

I. BOARD ADMINISTRATIVE BUSINESS

Commissioner Tate called the meeting to order at 9:35 a.m.

Upon motion regularly made, seconded and unanimously carried, Commissioner Austin was found to be absent for substantial cause and was excused.

Public Comment and Communications

Commissioner Tate issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was none.

Introductions, Awards and Ceremonies

Mr. Lochhead presented the Individual and Team CEO Awards. The awards recognize outstanding contributions to Denver Water from individuals and teams

who represent our values and help Denver Water achieve the vision of being the best water utility in the nation.

The Individual Award was presented to Mr. Raitt, an Engineering and Construction Project Manager, for his successfully managing many large contracts, while supervising staff and assisting with their work. The projects include: Marston Generators Closing Transition; Antero Dam Rehabilitation Phases 2 and 3; Hillcrest Powerhouse Hydro Repair; Moffat Reservoir No. 3 Repair; design assistance with Lupton Lakes Groundwater Cutoff Wall and the Highline Canal Diversion Dam Replacement; and overall coordination of Marston upgrades.

The team Award was presented to the IT Disaster Recovery Team for their successful efforts to develop and implement an alternate data center to provide redundancy for all of Denver Water's production data and systems. Last fall the team completed a full-scale disaster recovery test, switching all of the production systems to the alternate data center and running them there for a week. Members of the team include: infrastructure experts Bill Miller, Pravish Kattel, Rob Brennan, Jim Miller and Bobby Alvarez; database experts Jennifer Mabry and Ying Jiang; telecommunication experts Mark Thomas, Allen Buswell, Dean Tebbe and Jean Gonzales; infrastructure manager Delinda Waldron; and Keith Oligney, Manager of the IT Enterprise Infrastructure group.

II. ACTION ITEMS

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM II-A-1: PURCHASE AND SALE AGREEMENT FOR FORT LUPTON'S 100 ACRE-FEET OF FUTURE STORAGE AT LUPTON LAKES – CONTRACT 16739A**

Approved Contract 16739A with the City of Fort Lupton for the purchase of 100 acre-feet of future water storage, for a total contract amount not to exceed \$200,000.00. Authorized the CEO/Manager, or his designee(s) to execute all necessary instruments and/or documents, subject to approval by the Board's Office of General Counsel, to acquire the 100 acre-feet of future storage.

2. **ITEM II-A-2: DESIGNATION OF SUPRLUS PROPERTY AT LUPTON LAKES AND APPROVAL OF RIGHT-OF-WAY AGREEMENT WITH THE CITY OF FORT LUPTON – CONTRACT 16740A**

Declared 5.34 acres of property at the Lupton Lakes Complex as surplus property. Approved Contract 16740A with the City of Fort Lupton for conveyance of the surplus property for use as public rights-of-way. Authorized the CEO/Manager, or his designee(s) to execute all necessary instruments and/or documents, subject to approval by the Board's Office of General Counsel, to convey the surplus property.

3. **ITEM II-A-3: AMENDMENT NO. 1 WITH MAINLINING AMERICA, LLC FOR 2016 PIPE REHABILITATION – CONTRACT 16419A**

Approved the First Amendment to Contract 16419A with Mainlining America, LLC, to complete additional service line replacement work. The Amendment adds \$1,025,000.00, for a total amended contract amount not to exceed \$5,025,000.00.

4. **ITEM II-A-4: OPERATIONS COMPLEX REDEVELOPMENT PROJECT WORK PACKAGE NO. 3 – PHASE 1 DEMOLITION CHANGE ORDER NO. 2 – CONTRACT 15630A**

Approved Change Order No. 2 to Contract 15630D with Mortenson Construction for remediation work. The Change Order adds \$228,695.49, for a total amended contract amount not to exceed \$1,472,621.49.

5. **ITEM II-A-5 TABULATION OF PROPOSALS FOR THE MOFFAT COLLECTION SYSTEM VASQUEZ-ST. LOUIS DIVISION VASQUEZ CANAL PIPING – CONTRACT 16345A**

Awarded Contract 16345A to Ames Construction, Inc. for construction of the Moffat Collection System Vasquez-St. Louis Division Vasquez Canal Piping project for the contract period of May 25, 2016 through October 28, 2016, for a total contract amount of \$2,074,500.00. The Tabulation of Proposals is attached to and incorporated in these Minutes as Exhibit A.

6. **ITEM II-A-6 TABULATION OF PROPOSALS FOR THE ANTERO DAM AUTOMATED PIEZOMETER INSTRUMENTATION PROJECT – CONTRACT 16718A**

Awarded Contract 16718A to Bridge Diagnostics, Inc. for the Antero Dam Automated Piezometer Instrumentation Project for the contract period of May 25, 2016 through August 31, 1016, for a total contract amount not to exceed \$100,296.04. The Tabulation of Proposals is attached to and incorporated in these Minutes as Exhibit B.

7. ITEM II-A-7 TABULATION OF PROPOSALS FOR THE ANTERO DAM REHABILITATION PHASE IV – CONTRACT 16114A

Awarded Contract 16114A to Moltz Construction, Inc. for the Antero Dam Rehabilitation Phase IV Project for the contract period of May 25, 2016 through November 30, 2017, for a total contract amount not to exceed \$6,351,115.00. The Tabulation of Proposals is attached to and incorporated in these Minutes as Exhibit C.

8. ITEM II-A-8 THIRD AMENDMENT WITH HDR ENGINEERING, INC. FOR ENGINEER OF RECORD AND CONSTRUCTION MANAGEMENT SERVICES FOR ANTERO DAM REHABILITATION PHASE IV – CONTRACT 15893A

Approved the Third Amendment to Contract 15893A with HDR Engineering, Inc. for the Antero Dam Rehabilitation Phase IV Project. The Amendment adds \$341,462.00, for a total amended contract amount not to exceed \$864,747.00.

III. POLICY MATTERS

9. ITEM III-A OCR UPDATE

Ms. Adams presented the Board with an update of the OCR Project. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit D. She noted that the project is slightly over budget due to the extent of soil remediation required. Additionally, Denver Water will enter into an environmental covenant with the Colorado Department of Public Health and Environment which will restrict future use of the site.

Phase II 100% DD design documents are 60% complete, and Mortenson and subcontractors will begin pricing the buildings. The City of Denver has prioritized the project for permitting, granting the site permit this week.

ACTION ITEMS, CONTINUED

10. ITEM II-B-1 2015 AUDITED FINANCIAL STATEMENTS

Accepted Clifton Allen Larson's (CLA) audit of Denver Water's 2015 financial records and retirement plans, and accepted the 2015 Comprehensive Annual Financial Report (CAFR). Ms. Bushong introduced the Board presentation, a copy of which is attached to and incorporated in these Minutes as Exhibit E. The CAFR is attached to and incorporated in these Minutes as Exhibit F.

Ms. Bushong noted that the result of the audit is a clean audit statement. The CAFR is divided into three key sections: the introduction with a transmittal letter to management and the Board; a statistical section which is not audited, and an audited financial section. She reported that this is an unmodified opinion and congratulated management. The only changes made to the report were pursuant to implementation of GASB 68, which requires reporting of retirement plan and OPEB liabilities. Ms. Bushong remarked that the bond rating agencies have been reviewing these liabilities for many years and opined that the reporting of such liabilities would not affect Denver Water's rating.

The financials reflect a net increase in assets from \$1.8 billion to \$1.9 billion, steady operating revenues and slightly lower operating expenses than forecast, resulting in a \$92 million increase in Denver Water's net position.

Ms. Bricmont thanked CLA for its partnership during the audit and the ORCA project. She also introduced Mr. Plonsky and thanked him for his diligent efforts on ORCA, the audit and his day to day work.

IV. MONTHLY AND QUARTERLY REPORTS

11. ITEM IV-A: CEO REPORT

Mr. Lochhead introduced Ms. Martinez and thanked her and the Total Rewards team for their efforts compiling and preparing to implement the compensation study results. He reported that the results include a reduction in job descriptions from 480 to 250, which have all been updated. He said that two salary structures have been consolidated and policies are in place to monitor base wage growth.

He said that 83 employees' pay falls below the new pay grades and that they will be brought to the new minimum effective during the first pay period of July. Additionally, 131 employees' pay exceeds the new pay grades and they will not be eligible for base wage merit increases, but a cash award as earned. The

next step is for Human Resources staff to hold question and answer sessions with supervisors. On June 1, 2016 employees will receive personalized letters explaining any effect to them. Ms. Martinez stated that this is a huge milestone needed to establish the foundation for a strong compensation program into the future.

12. ITEM IV-B: CFO REPORT

The Board received the Monthly Financial Report dated April 30, 2016, which is attached and incorporated in these Minutes as Exhibit G.

Ms. Bricmont explained that 2016 revenues appear very similar to 2015 revenues, and are down slightly because of the recent rain. System Development Charges continue to grow because of the increase in local construction activity. Although consumption continues to decrease, the new rate structure should manage revenue volatility.

Ms. Bryant noted that the Monthly Financial Report contains a graph showing full time employee equivalents (FTE) trends, new cash reports and information regarding investment activity. Ms. Sharma remarked that Denver Water ended 2015 with \$241 million in cash, which was above the policy target minimum and which will be used as variabilities arise.

Commissioner Tate congratulated Denver Water for its recent bond issue. The Series 2016A total interest cost is 2.64% and the Series 2016B total interest cost is 2.30%

13. ITEM IV-C: OPERATIONS REPORT

Mr. Roode reported that the Water Quality and Transmission and Distribution groups have been working together to improve how Denver Water disinfects mains, especially with regard to pseudomonas bacteria. They are piloting the usage of an ozone machine with the City of Aurora.

V. INFORMATION ITEMS

14. ITEM V-A: SCHEDULING OF FUTURE BOARD MEETINGS AND TENTATIVE DISCUSSION TOPICS

The Board received the Schedule of Future Board Meetings and Tentative Discussion Topics, a copy of which is attached to and incorporated in these Minutes as Exhibit H.

15. ITEM V-B: EVENT CALENDAR

The Board received a calendar of upcoming community events to be attended by various staff, a copy of which is attached to and incorporated in these Minutes as I.

VI. ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn at approximately 10:45 a.m.

TRUSTEE MEETING


The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, May 25, 2016, commencing at 10:45 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting concluded at 11:00 a.m., at which time the Board voted unanimously to adjourn into Executive Session.


EXECUTIVE SESSION

On Wednesday, May 25, 2016, commencing approximately at 11:00 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Executive Session:

1. Attorney-Client Matters § 24-6-402(4)(b)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:48 p.m.

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Secretary

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President